

Part III  
Administrative, Procedural, and Miscellaneous

26 CFR 601.601: Rules and regulations.  
(Also Part I, § 1397E)

Rev. Proc. 2002-72

SECTION 1. PURPOSE

Pursuant to § 1397E(e)(2) of the Internal Revenue Code, this revenue procedure allocates among the States the national limitation for Qualified Zone Academy Bonds ("Bond" or "Bonds") for the calendar year 2003. For this purpose "State" includes the District of Columbia and the possessions of the United States.

SECTION 2. BACKGROUND

.01 Section 226 of the Taxpayer Relief Act of 1997, Pub. L. 105-34, 111 Stat. 821 (1997), added § 1397E to the Internal Revenue Code to provide a credit to holders of Bonds under certain circumstances so that the Bonds generally can be issued without discount or interest. Ninety-five percent of Bond proceeds are to be used for qualified purposes, as defined by § 1397E(d)(5), with respect to a qualified zone academy, as defined by § 1397E(d)(4).

.02 Section 1397E(e) (1), as amended by § 608 of the Job Creation and Worker Assistance Act of 2002, Pub. L. 107-147, 116 Stat. 21 (2002), provides that the national limitation for Bonds that may be issued is \$400 million for each of the years 1998, 1999, 2000, 2001, 2002, and 2003. This amount is to be allocated among the States by the Secretary on the basis of their respective populations below the poverty level (as defined by the Office of Management and Budget) and is to be further allocated by each State to qualified zone academies within the State.

.03 Section 1397E(e) (4), as amended, by § 509 of the Tax Relief Extension Act of 1999, Pub. L. 106-170, 113 Stat. 1860 (1999) provides that any carryforward of a limitation amount may be carried forward only to the first 2 years (3 years for carryforwards from 1998 or 1999) following the unused limitation year. For this purpose, a limitation amount shall be treated as used on a first-in first-out basis.

.04 Rev. Proc. 98-9, 1998-1 C.B. 341, Rev. Proc. 98-57, 1998-2 C.B. 682, Rev. Proc. 2000-10, 2000-1 C.B. 287, Rev. Proc. 2001-14, 2001-1 C.B. 343, and Rev. Proc. 2002-25, 2002-17 I.R.B. 800, allocated among the States the national limitation for 1998, 1999, 2000, 2001, and 2002, respectively.

SECTION 3. NATIONAL QUALIFIED ZONE ACADEMY BOND LIMITATION FOR  
2003

The 2003 national limitation for Bonds is \$400 million.

This amount is allocated among the States as follows:

STATE	MAXIMUM FACE AMOUNT OF BONDS THAT MAY BE ISSUED PURSUANT TO THE CALENDAR YEAR 2003 LIMITATION (thousands of dollars)		
Alabama	7,975		
Alaska	619		
Arizona	8,914		
Arkansas	5,408		
California	49,511		
Colorado	4,388		
Connecticut	2,853		
Delaware	607		
District of Columbia	1,157		
Florida	23,799		
Georgia	12,249		
Hawaii	1,581		
Idaho	1,730		
Illinois	14,311		
Indiana	5,855		
Iowa	2,429		
Kansas	3,059		
Kentucky	5,763		
Louisiana	8,124		
Maine	1,512		
Maryland	4,411		
Massachusetts	6,428		
Michigan	10,622		
Minnesota	4,136		
Mississippi	6,176		
Missouri	6,153		
Montana	1,364		
Nebraska	1,810		

	STATE	MAXIMUM FACE AMOUNT OF BONDS THAT MAY BE ISSUED PURSUANT TO THE CALENDAR YEAR 2003 LIMITATION (thousands of dollars)	
	Nevada	1,742	
	New Hampshire	928	
	New Jersey	7,826	
	New Mexico	3,701	
	New York	30,524	
	North Carolina	11,607	
	North Dakota	985	
	Ohio	13,452	
	Oklahoma	5,821	
	Oregon	4,675	
	Pennsylvania	13,269	
	Rhode Island	1,146	
	South Carolina	6,909	
	South Dakota	710	
	Tennessee	9,189	
	Texas	35,853	
	Utah	2,727	
	Vermont	676	
	Virginia	6,462	
	Washington	7,264	
	West Virginia	3,334	
	Wisconsin	4,847	
	Wyoming	481	
	American Samoa	470	
	Guam	412	
	Northern Marianas	390	
	Puerto Rico	21,209	
	Virgin Islands	447	

## SECTION 4. EFFECTIVE DATE

This revenue procedure is effective as of December 9, 2002,

and applies to Bonds issued pursuant to the national limitation for calendar year 2003 on or after January 1, 2003.

#### SECTION 5. DRAFTING INFORMATION

The principal author of this revenue procedure is Zoran Stojanovic of the Office of Assistant Chief Counsel (Tax Exempt/Employment Tax/Government Entities). For further information regarding this revenue procedure contact Mr. Stojanovic at (202) 622-3980 (not a toll-free call).